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SUBJECT: WANG YANG MEETING WITH CONSUL GENERAL

¶1. (SBU) Summary. A relaxed, confident and very much on-top of his brief Guangdong Party Secretary Wang Yang told the south China-based consular corps May 8 that he was determined to improve the quality of life for those living in poor areas of the province, bring about a far-reaching industrial transformation in the Pearl River Delta, rationalize energy use, be a caretaker of the environment, and change the way in which government officials, businesspeople and ordinary citizens think about the contributions they can make to Chinese society - all within five years. Sounding like someone with his eye on the prize - i.e., leadership at the national level in 2013 - Wang called on consul generals to work closely and cooperatively with his office and promised to work directly with foreign governments, a real change from the far less open attitude of his predecessor, current Vice Premier Zhang Dejiang. Comment: Interestingly, Wang did not once mention the role of the current governor, Huang Huahua, but praised generously the new and youngest Vice Governor (at age 44), Wang Qingliang, as an example of someone who had taken to heart Hu Jintao's ideas of scientific development and Deng Xiaoping's injunction to liberate one's thoughts (jiefang sixiang). End Summary and Comment.

Energy and the Environment

¶2. (SBU) Wang told the consular corps (32 consulates in all, with the addition of Kuwait seven weeks ago) that he had wanted to meet shortly after his arrival in Guangzhou in December 2007, but had only now found the time to do so. After a few brief words, noting the steep learning curve his assignment here poses, he moved immediately and confidently to address the concerns of the CGs. He acknowledged the many challenges posed by energy use in a province that imports almost all of its energy and said that the collapse of the provincial power grid during the winter storms this past February had left the government dealing with a potential gap of over 10,000 MW of power. But it wasn't just power problems that could potentially cause problems for economic development - the subprime mortgage crisis in the U.S. would have an impact on foreign investment and RMB appreciation would make exports more expensive in a world that might not be able to afford increases in the prices of Chinese consumer goods.

¶3. (SBU) Returning to the theme of increasing power output, Wang said that the National Development and Reform Commission in Beijing had approved adding 10,000 MW of installed capacity to Guangdong, which would include major new nuclear power plants. In addition, oil-fired generators were being installed; he was mindful, he said of the need to ensure that energy was more efficiently produced and consumption reduced, where possible. He closed out a very brief discussion of the environment by noting his commitment to improving air and water quality.

Industrial Transformation in the Delta

¶4. (SBU) Wang acknowledged that in the first quarter of 2008, 25,000 enterprises had closed their doors in the PRD, an increase of 52.5

percent over the first quarter of 2007; however, at the same time, 27,000 new enterprises had registered to operate there (it was unclear whether they had begun operations yet; it was also unclear whether new approvals were value added, higher technology enterprises). These closings and start-ups, he said, were part of an industrial transformation that was sweeping the Delta as that area sought to move up the value-added chain. Wang told us that he was committed to having in place policies that would support this transformation and he also viewed job retraining as an important aspect of this process. Those companies which were not able to upgrade and to continue operating in the Delta area would be assisted in relocating to other areas of Guangdong; moreover, the province would also help find new locations in less developed areas of Hunan, Jiangsi, Guangxi, and Chongqing, leaders of which have visited Guangdong to discuss relocation of enterprises. Wang's generosity even extended to suggesting that Guangdong would be willing to help low-tech businesses move to other developing countries. He hoped this transformation could take place within five years; he predicted the Delta area would have a modern industrial base underpinned by innovation within ten years. Reverting for the first time to terminology a bit more ideologically charged, Wang said this transformation would help China "scale new heights."

Liberating One's Thoughts

15. (SBU) Without Deng Xiaoping, Wang averred, there would be no reforms and no new economy. Deng had liberated China from the shackles of economic orthodoxy; he had also been the first to see that China had more or less addressed the material issues of good, clothing, housing, health and education; however, they still needed

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a philosophy where people could not only better themselves, and in enriching themselves, enrich their country. Credit was also due to Hu Jintao for his views on "scientific development" and liberating one's thoughts.

16. (SBU) Wang said that what had surprised him most in coming to Guangdong was the gap between rich and poor. How could such a rich province have so many poor people and how could the quality of life for these people be improved? The key to improvement, he suggested, was education, which would give them the ability to earn a good living. He intended to emphasize vocational training, in particular, and would make it free, a move away from trends elsewhere to charge for education. He also intended to allocate more resources to improving public services. Those from poor areas who had professional qualifications and jobs in the more developed areas of Guangdong would be allowed to register themselves and their family members and live there; there would be no charges or penalties for changing their hukou (residency permits). Those who remained behind in the countryside would be provided better housing, at lower costs, and the provincial government would work to improve agriculture output by increasing inputs and farming know-how. He claimed that this could all be accomplished within five years.

Registering Foreign Legal Entities

17. (SBU) The Korean Consul General had the final word, more or less, asking for assistance in registering foreign legal entities in China. He noted that there were 40,000 Koreans in Guangdong province and they were unable to register their local chambers of commerce as legal persons and were having difficulty in getting their schools recognized as not-for-profit entities. Wang promised to look into the situation.

In Conclusion: Reaching Out

18. (SBU) In closing the Party Secretary, sounding more like a governor and an administrator than a party official, reiterated his interest in reaching out to the foreign community and promised to be available in case anyone wished to bring problems to his attention. Of course, the problem is always that to do that, one has to get

through the local Foreign Affairs Office and experience has shown that's not exactly the easiest thing to do. Still Wang in six months has shown more interest in the international side of his portfolio than his predecessor showed in the past five years.

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